

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 91-342-G - ORDER NO. 94-875✓  
AUGUST 26, 1994

IN RE: South Carolina Electric and Gas Company - Application for Approval of Weather Normalization Adjustment and for Elimination of Certain Rate Schedules.	) ORDER APPROVING ) CONTINUATION OF ) WEATHER ) NORMALIZATION ) ADJUSTMENT
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This matter comes before the Public Service Commission of South Carolina (the Commission) on the first part of a bifurcated hearing considering the continuation of the gas Weather Normalization Adjustment (WNA) for South Carolina Electric and Gas (SCE&G or the Company). A hearing on the effect of the WNA and other factors on the Company's rate of return on equity of the firm gas operations of South Carolina Electric & Gas will be held separately.

Pursuant to the request of Staff, the Company published a prepared Notice to be published one time in newspapers of general circulation in the area affected by the Company's Application. The Notice indicated the nature of the Company's Application and advised all interested parties desiring participation of the manner and time at which the appropriate pleadings could be filed and when the proceeding would be held. No new interventions or protests were filed, and the original parties in this matter once again appeared before the Commission at the hearing on August 17, 1994. These were South Carolina Electric and Gas, the Consumer Advocate

for the State of South Carolina (the Consumer Advocate) and the Commission Staff. South Carolina Electric and Gas was represented by Belton T. Zeigler, Esquire, and presented as its witness Warren A. Darby. The Consumer Advocate was represented by Elliott F. Elam, Jr., Esquire, who presented no witnesses. The Commission Staff was represented by F. David Butler, General Counsel, who presented the testimony and exhibit of James S. Stites.

The Company came before the Commission requesting that the WNA, which began in December 1991, and has been in effect for the last three (3) winter seasons, be made permanent. Warren A. Darby testified that firm gas sales fluctuate substantially, and that this is primarily attributable to variations in temperature and their effects on the Company's load, much of which is highly sensitive to changes in temperature during the winter heating season. Darby further stated that, normally, such variations in firm gas sales would have a significant effect on the stability of the Company's operating revenues and earnings. According to Darby, the WNA has effectively levelized the Company's winter season firm gas sales margin revenue as well as reduced dramatic fluctuations in customer's monthly bills.

Darby states that, with regard to customer complaints and inquiries, only thirty-seven (37) inquiries and complaints were received for the last two (2) WNA seasons combined. Darby detailed the Company's educational efforts to educate its customers on the Weather Normalization Adjustment, and stated, in summary, that the WNA had accomplished the goals that this Commission set out to accomplish, which were a reduction in dramatic fluctuation in

customer bills, stabilization of gas rates, and a realization of customer acceptance. Accordingly, SCE&G, through Darby, asks the Commission to make the Weather Normalization Adjustment permanent.

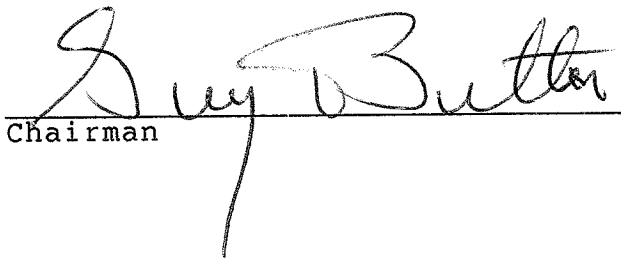
The Commission Staff presented the testimony of James S. Stites, Chief of the Gas Department. Stites discussed the Staff report filed on June 22, 1994, and addressed the operation of the Weather Normalization Adjustment over the past year, and also the subject of its continued operation. Stites stated, as did Darby, that the number of complaints have been reduced significantly since implementation of the WNA. Staff found that the Company has implemented the WNA in accordance with the requirements of the Commission's Orders. Further, Staff concluded, according to Stites, that the WNA has served to alleviate the need for the Company to file for increased rates since its implementation. Stites' recommendation was that the Company be allowed to continue operation of the WNA, and that such continuation would be in the overall best interest of its customers. Stites added, however, that it was his recommendation that Staff continue its annual review of the operation of the Weather Normalization Adjustment.

The Commission has considered the evidence presented, and believes that the Weather Normalization Adjustment should be continued indefinitely. Further, we agree that Staff should conduct an annual examination of the Weather Normalization Adjustment, and make its reports available to all interested parties. We believe that the evidence presented shows that continuation of the program for an indefinite period is in the public interest.

IT IS THEREFORE ORDERED THAT:

1. The Weather Normalization Adjustment for SCE&G shall be continued on an indefinite basis.
2. The Staff shall conduct annual examinations of the WNA and make such reports available to all interested parties.
3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

VICE Chairman 

ATTEST:

  
Executive Director

(SEAL)